



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 27, 2012

Laura Gutierrez, Finance Director
City of Imperial
420 South Imperial Avenue
Imperial, CA 92251

Dear Ms. Gutierrez:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Imperial (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 16, 2012, for the period January through June 2012. Finance staff recently contacted you for further clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligations characteristics. Based on a sample of items reviewed and application of the law, the following items do not qualify as Enforceable Obligations (EO):

- Various projects/and debt obligations totaling \$1,072,000. The City did not provide documentation to support the following items:

Item No.	Page	Project Name/ Debt Obligation	Payee	Amount
7	1	LIM Projects	Las Palmeras / Chelsea Apartment	\$1,000,000
9	1	Redevelopment Projects	OPA 2011.07 (Farm Credit Services)	35,000
9	1	Redevelopment Projects	OPA 2011.08 (Sanchez)	37,000
		Total		\$1,072,000

- Page 1, line item 5 - \$15,000 out of \$152,000 contract services expense. The \$15,000 relates to an April 17, 2009 agreement with the City and Webb & Associates. This agreement is with the City and not with the former RDA. Therefore, the Webb & Associates agreement is not an EO.
- Page 1, line items 4 through 6, 9, and 10 - Administrative expenses totaling \$143,900. HSC section 34171 (b) limits the fiscal year 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated to the City in 2011-12 equated to \$32,750. Therefore, \$143,900 of the claimed \$393,900 is questioned, limiting the administrative cost allowance to \$250,000.

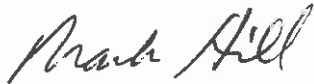
As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the ROPS to be ineffective until Finance approval and may cause payment delays for valid obligations. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

Ms. Gutierrez
April 27, 2012
Page 2

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Please direct any inquiries to Chikako Takagi-Galamba, Supervisor or Wendy Griffe, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Hill". The signature is fluid and cursive, with the first name "Mark" and last name "Hill" clearly distinguishable.

MARK HILL
Program Budget Manager

cc: Mr. Douglas R. Newland, Auditor-Controller, County of Imperial